SEVENTEENTH ANNUAL REPORT

CAROLINA, CLINCHFIELD AND OHIO RAILWAY

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FOR THE FISCAL YEAR ENDED

DECEMBER 31, 1927

CAROLINA, CLINCHFIELD AND OHIO RAILWAY

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HORNBLOWER, MILLER & GARRISON.....*General Counsel*

NEW YORK OFFICE.....452 Fifth Avenue

SEVENTEENTH ANNUAL REPORT

New York, April 20, 1928.

To the Stockholders of

CAROLINA, CLINCHFIELD AND OHIO RAILWAY:

The Seventeenth Annual Report of the Board of Directors, for the fiscal year ended December 31, 1927, is submitted herewith.

MILEAGE

The mileage owned by Carolina, Clinchfield and Ohio Railway and its subsidiaries, Carolina, Clinchfield and Ohio Railway of South Carolina and Clinchfield Northern Railway of Kentucky, is as follows:

	Miles
Carolina, Clinchfield and Ohio Railway:	
Main Line: Ky.-Va. State Line to N. C.-S. C. State Line	255.97
Branch Lines: Carbo, Va., to Wilder, Va.	8.40
Hurricane Junction, Va., to Shaft, Va.	1.20
Bostic Yard, N. C., to Junction S. A. L. Railway.	.79
Carolina, Clinchfield and Ohio Railway of South Carolina:	
Main Line: N. C.-S. C. State Line to Spartanburg, S. C.	18.09
Clinchfield Northern Railway of Kentucky:	
Main Line: Elkhorn City, Ky., to Ky.-Va. State Line	2.79
Total	287.24

The foregoing mileage was leased for a period of 999 years, from May 11, 1923, to the Atlantic Coast Line Railroad Company and Louisville & Nashville Railroad Company, under an Indenture dated October 16, 1924, and since December 1, 1924, has been operated by the said Lessees under the name of "Clinchfield Railroad Company."

In addition to the foregoing mileage, the Lessees also operate the following mileage under trackage rights formerly held by Carolina, Clinchfield and Ohio Railway:

	Miles
Norfolk & Western Railway, Carbo, Va., to St. Paul, Va.	8.45
Southern Railway, Frisco, Tenn., to Albert Yard, Va.	13.60
Total	22.05

This makes the total mileage operated by the Lessees, under the Lease, 309.29 miles.

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V. R. GIFT REQUEST

LESSORS' INCOME ACCOUNT

The condensed, combined income account of Carolina, Clinchfield and Ohio Railway, Carolina, Clinchfield and Ohio Railway of South Carolina and Clinchfield Northern Railway of Kentucky, for the year ended December 31, 1927, is as follows:

Rental—account dividend	$750,000.00
Other Rental—account interest on funded debt, etc.	1,600,183.84
Total Income	$2,350,183.84
DEDUCTIONS:	
Interest on Funded Debt	$1,570,736.20
Other Deductions	22,860.44
Total Deductions	$1,593,596.64
Net Income	$756,587.20
Dividends paid or appropriated	750,000.00
Balance	$6,587.20

FINANCIAL

Pursuant to the provisions of the Railway's First and Consolidated Mortgage, dated December 15, 1922, and with the approval of the Interstate Commerce Commission, granted March 29, 1927, there has been created a new series of First and Consolidated Mortgage Gold Bonds, designated Series B, and authority given for the issuance of $1,500,000 principal amount of said Series B bonds, dated April 1, 1926, payable April 1, 1956, with interest at the rate of five per cent per annum, for the purpose of refunding, by exchange, a like amount of Five Per Cent Realty and Collateral Trust Convertible Notes of Holston Corporation, all of whose stock was owned by the Railway. The Holston Notes matured April 1, 1926. Prior to maturity, $1,497,000 principal amount of the Holston Corporation Notes were acquired jointly by the Atlantic Coast Line Railroad Company and the Louisville & Nashville Railroad Company, who have also arranged for the purchase or payment of the remaining $3,000 of Holston Notes whenever they shall be presented. Therefore, the Railway has issued and delivered to the Atlantic Coast Line Railroad Company and the Louisville & Nashville Railroad Company $1,497,000 principal amount of First and Consolidated Mortgage Gold Bonds, Series B, in exchange for $1,497,000 Holston Notes held by them, the remaining $3,000 of Series B bonds to be issued upon presentation of the $3,000 of Holston Notes still outstanding.

For the Board of Directors,

JOHN B. DENNIS, *President.*

RESULTS OF OPERATION BY LESSEES

The summary of the results of operation of the leased properties for the fiscal year ended December 31, 1927, as reported by the Lessees, is as follows:

Operating Revenues		$7,920,044.39
Operating Expenses		5,064,727.64
Net Revenue from Railway Operations		$2,855,316.75
Railway Tax Accruals	$940,000.00	
Uncollectible Railway Revenues	678.69	940,678.69
Railway Operating Income		$1,914,638.06
Equipment Rents	$1,362,082.93	
Joint Facility Rents *Dr.*	*21,692.08*	1,340,390.85
Net Railway Operating Income		$3,255,028.91
Non-operating Income		89,683.58
Gross Income		$3,344,712.49
Deductions from Gross Income (including fixed charges and dividend rental)		2,352,264.73
Net Income		$992,447.76

CAROLINA, CLINCHFIELD AND OHIO RAILWAY

CAROLINA, CLINCHFIELD AND OHIO RAILWAY
OF SOUTH CAROLINA

AND

CLINCHFIELD NORTHERN RAILWAY OF KENTUCKY

CONSOLIDATED GENERAL BALANCE SHEET
DECEMBER 31, 1927

ASSETS	
Investment in Road and Equipment	$71,344,918.96
Other Investments	1,497,000.00
Cash	1,017.62
Rents Receivable	187,500.00
Working Fund Advances	25.71
Other Deferred Assets	5,857,070.34
TOTAL	$78,887,532.63
LIABILITIES	
Capital Stock	$25,000,000.00
Funded Debt Unmatured	23,642,000.00
Equipment Trust Obligations	4,237,000.00
Unmatured Dividends Declared	187,500.00
Other Deferred Liabilities	1,031,058.09
Accrued Depreciation—Equipment	2,999,059.44
Additions to Property through Income and Surplus	69,048.46
Profit and Loss—Credit Balance	21,721,866.64
TOTAL	$78,887,532.63

STATEMENT OF FUNDED DEBT AND EQUIPMENT OBLIGATIONS, DECEMBER 31, 1927

Liens Created by	Character of Lien	Amount Outstanding	Date of Maturity	Rate Per Annum	Date Payable	Interest Accrued During Year
Carolina, Clinchfield and Ohio Railway	First Mortgage 30-Year Gold Bonds (1)	$13,950,000	June 1, 1938	5%	June and December	$697,500.00
Carolina, Clinchfield and Ohio Railway	First and Consolidated Mortgage Gold Bonds, Series A	8,000,000	Dec. 15, 1952	6%	June 15 and Dec. 15	480,000.00
Carolina, Clinchfield and Ohio Railway	First and Consolidated Mortgage Gold Bonds, Series B	1,497,000	April 1, 1956	5%	April and October	130,987.50*
Lick Creek and Lake Erie R. R. Co	First Mortgage Gold Bonds (2)	200,000	Jan. 1, 1933	5%	January and July	9,750.00
Carolina, Clinchfield and Ohio Railway	Equipment Trust Certificates, Series G	.....	Final Payment, April 1, 1927	5%	April and October	525.00
Carolina, Clinchfield and Ohio Railway	Equipment Trust Notes, No. 11 (Equipment allocated by U. S. Government)	3,312,000	$414,000 matures annually, January 15th	6%	January and July	199,755.00
Carolina, Clinchfield and Ohio Railway	Equipment Trust Certificates, Series H	275,000	$25,000 matures Mar. 15th and Sept. 15th	5½%	Mar. 15 and Sept. 15	16,385.40
Carolina, Clinchfield and Ohio Railway	Equipment Trust Certificates, Series I	650,000	$50,000 matures June 1st and Dec. 1st	5%	June and December	35,833.30
	Total	$27,884,000	.....	.....	.....	$1,570,736.20

CAROLINA, CLINCHFIELD AND OHIO RAILWAY OF SOUTH CAROLINA

Carolina, Clinchfield and Ohio Railway of South Carolina	First Mortgage Gold Bonds (3)	$3,000,000	June 1, 1938	5%	June and December	(3) $150,000.00

(1) Does not include $1,050,000 held in treasury. (2) Includes $5,000 owned by Carolina, Clinchfield and Ohio Railway. (3) Owned by Carolina, Clinchfield and Ohio Railway.
*Interest accrued from April 1, 1926.

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